



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 10, 2006

S. 2489

U.S. Additional Protocol Implementation Act

As reported by the Senate Committee on Foreign Relations on April 3, 2006

SUMMARY

S. 2489 would implement the obligations of the United States under the Protocol Additional to the Agreement between the United States of America and the International Atomic Energy Agency (IAEA) for the Application of Safeguards in the United States of America (hereafter called the Additional Protocol). The Additional Protocol was signed by the United States in 1998 and ratified by the Senate in 2004 (Treaty Document 107-7). The bill would authorize government agencies to conduct vulnerability assessments at government and commercial facilities to protect national security interests. The bill also would authorize the U.S. government to seek search warrants when owners of commercial facilities bar the government from entering the location in support of the IAEA inspections and would establish guidelines for conducting environmental sampling at both government and commercial locations.

CBO estimates that implementing S. 2489 would cost \$17 million in 2007 and \$72 million over the 2007-2011 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or receipts.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that because this bill would implement the Additional Protocol, it falls within that exclusion. CBO has thus not reviewed the bill for intergovernmental or private-sector mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2489 is shown in the following table. The costs would fall within budget functions 050 (national defense), 270 (energy), and 370 (commerce and housing credit). CBO assumes that the bill will be enacted near the start of fiscal year 2007 and that the estimated amounts will be appropriated each year.

| | By Fiscal Year, in Millions of Dollars | | | | |
|---|--|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | |
| Estimated Authorization Level | 23 | 13 | 13 | 13 | 13 |
| Estimated Outlays | 17 | 15 | 14 | 13 | 13 |

BASIS OF ESTIMATE

Enacting S. 2489 would enable government agencies to implement the Additional Protocol. Specifically, the bill would:

- Authorize government agencies to conduct vulnerability assessments at government and commercial facilities,
- Designate government agencies to provide outreach programs to the commercial facilities and to issue regulations in order to implement the provisions of the Additional Protocol,
- Authorize the federal government to seek search warrants when the owner of a commercial facility refuses to give consent for inspection by the IAEA, and
- Set guidelines for the IAEA to conduct environmental sampling at government and commercial facilities.

CBO expects that most of the assessments would be performed by the Department of Defense (DoD) and the Department of Energy (DOE) at universities, fuel-fabrication plants, and commercial manufacturing sites currently working on DoD projects, as well as DOE labs. Although DoD and DOE already have the authority to perform such assessments, CBO believes that those agencies will not perform these assessments unless S. 2489 is

enacted. Based on information from those two departments, CBO estimates that the Department of Defense would conduct about 50 assessments a year, while the Department of Energy would conduct about 50 assessments in 2007 and about 10 assessments each year thereafter, at an average cost of about \$200,000 per assessment. Accordingly, CBO estimates that conducting vulnerability assessments would cost \$15 million in 2007 and \$65 million over the 2007-2011 period, assuming appropriation of the estimated amounts.

CBO expects that most of the outreach efforts would be performed by the Department of Commerce (DOC). DOC is developing a new database to support the reporting requirements of the Additional Protocol. The department also would conduct outreach, training, and inspection support programs at commercial facilities. CBO anticipates that the Nuclear Regulatory Commission's (NRC's) staff would revise regulations to include the new requirements for implementing the Additional Protocol and would prepare guidance documents for its commercial licensees to prepare for the IAEA inspections. Under current law, 90 percent of the additional costs for the NRC would be covered by fees paid by operators of nuclear power plants. Based on information provided by DOC and NRC, CBO estimates that the net cost of these efforts would be \$2 million in 2007 and \$7 million over the 2007-2011 period.

CBO expects that most facilities would cooperate with the inspections and that the costs to seek and execute warrants required under the bill would be insignificant. Also, based on information from the State Department, CBO believes that the IAEA would not be able to conduct environmental sampling at government or commercial facilities because the United States, as a lawful nuclear weapons state, would forbid such sampling under existing treaty rights. Thus, CBO estimates that the U.S. government would incur no costs related to such sampling.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Section 4 of the UMRA excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that because this bill would implement the Additional Protocol, it falls within that exclusion. CBO has thus not reviewed the bill for intergovernmental or private-sector mandates.

PREVIOUS CBO ESTIMATE

On August 10, 2006, CBO transmitted an estimate for S. 3709, a bill to exempt from certain requirements of the Atomic Energy Act of 1954 United States exports of nuclear materials, equipment, and technology to India, and to implement the United States Additional Protocol, as ordered reported on July 20, 2006. Title II of that bill is identical to S. 2489, and the estimated costs are the same in both estimates.

At the request of the Senate Committee on Foreign Relations, CBO prepared an analysis of the costs associated with ratifying the Protocol Additional to the Agreement Between the United States of America and the International Atomic Energy Agency Regarding Safeguards in the United States (Treaty Document 107-7). In that analysis, dated March 5, 2004, CBO estimated that one-time costs to the U.S. government for implementing the Additional Protocol would total between \$20 million and \$30 million, and recurring costs would total between \$10 million and \$15 million a year, assuming appropriation of the estimated amounts. Those estimated costs are similar to the costs described in this estimate.

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